

OM 036-2002 (1200) INFORMATION TECHNOLOGY INVESTMENT MANAGEMENT



Operations Memorandum

NUMBER: 036-2002 (1200)
DATE: 11/7/2002
SUBJECT: Information Technology
Investment Management

EXPIRATION DATE: 11/7/2003

1. **PURPOSE AND SCOPE.** To ensure that the Bureau's Information Technology Investment Process complies with the **Information Technology Management Reform Act of 1996**. The process described within this Operations Memorandum applies to those information technology investments that are funded by appropriated (Bureau of Prisons) and non-appropriated (Federal Prison Industries) monies.

- This investment management scheme does not apply to those projects that are designed to enhance and maintain existing systems.

The Clinger-Cohen Act (the **Information Technology Management Reform Act of 1996**) requires that executive agencies adopt a disciplined and integrated approach to IT management that focuses on:

- performance,
- capital asset planning,
- acquisition management, and
- accountability.

The Act further directs each executive agency head to design and implement a process to maximize the value and manage the risks associated with IT investments.

The provisions of this OM will be issued as a Program Statement.

2. **PROGRAM OBJECTIVES.** The expected results of this program are:

- a. All new Information Technology (IT) initiatives and investments of \$750,000 or more will be managed under the Information Technology Investment Management (ITIM) process.

b. All collaborative "e-government" investments involving multiple Department of Justice components or Executive Branch agencies will be managed under the ITIM process.

c. Formal procedures for the selection of IT projects will be enhanced.

d. All IT proposals will be directly related to the Bureau's business requirements.

e. IT investments management will be controlled effectively.

f. IT investments will be evaluated and validated effectively.

g. The Department of Justice Systems Development Life Cycle methodology will be used to manage each IT investment.

3. **DIRECTIVES REFERENCED**

DOJ Order 2880.1A Information Resources Management
(3/5/01)

Executive Order 13011 Federal Information Technology
(7/16/96)

OMB Circular A-11 Preparation and Submission and Execution
of the Budget (6/27/02)

OMB Circular A-130 Management of Federal Information
Resources (11/28/00)

Information Technology Management Reform Act of 1996

The Government Performance and Results Act of 1993

The Government Paperwork Elimination Act of 1999

The Computer Security Act of 1987

4. **STANDARDS REFERENCED.** None

5. **ROLES AND RESPONSIBILITIES**

a. **Bureau of Prisons Executive Staff.** Their responsibility in this process is to review, approve, and rate significant IT proposals. In addition, the Executive Staff will review semiannually, the status of information technology initiatives that have been approved for funding.

- b. **Information Technology Investment Process Manager (ITIPM).** The ITIPM will coordinate the development and submission of information technology proposals and status reports to the Executive Staff.
- c. **Information Technology Initiative (ITI) Sponsor.** The sponsor of an information technology initiative is an Executive Staff member who has brought an information technology proposal before the Executive Staff to approve or disapprove.
- d. **Integrated Project Team (IPT).** This interdisciplinary team will consist of a **least one** representative from each of the following areas:
 - (1) the requesting program area (Division),
 - (2) the IT staff of the Information, Policy, and Public Affairs Division,
 - (3) the Security Programs Section,
 - (4) the Procurement and Property Branch in the Administration Division, and
 - (5) a Bargaining Unit representative.

This team will apply a Systems Development Life Cycle methodology to develop a complete IT proposal for the initiative that the Executive Staff has approved.

6. **THE INVESTMENT MANAGEMENT PROCESS.** This process consists of four phases:

- **Initial Concept.** Provide justification for a proposed IT investment.
- **Select.** Determine the most worthwhile projects through a systematic, structured review of new and ongoing investments.
- **Control.** Manage the implementation of investments effectively to ensure they deliver the benefits promised.
- **Evaluate.** Validate that the investments deliver what is expected.

7. **INITIAL CONCEPT PHASE.** All proposals for IT automation opportunities will be coordinated with the ITIPM, which will provide guidance to the sponsor's initiative in developing a justification for the Executive Staff's review.

The justification should not be more than four pages in length and must contain the following:

- a concise statement of how this IT initiative will support or further one or more of the Bureau's strategic goals.
- a concise description of the existing problem and how the IT initiative would mitigate or serve to resolve the problem.

The ITI sponsor (hereinafter "the sponsor") will submit the proposal as an initial concept paper to the Executive Staff for approval.

- If the initiative is approved in concept, an IPT will be selected to pursue further the proposal's development as a detailed business case.

8. **SELECT PHASE.** In the **Select** phase, the IPT will develop possible operational alternatives for concept delivery and provide meaningful evaluation criterion. The IPT will advise the sponsor concerning each option's potential. The sponsor will recommend the most viable option to the Executive Staff for approval. Potential approval of the best alternative should be based on consideration of:

- return-on-investment,
- risk mitigation,
- benefit/cost analysis, and
- other performance measures.

In light of the analysis the IPT provided, the sponsor will further develop the most promising alternative into a formal investment proposal.

The proposal must contain clear, outcome-based, performance measures that describe the scope of the problem (i.e., number of staff resources devoted to a specific task, time required to complete a transaction, potential for error, etc.). A proposed automated solution must include expected outcome measures.

The sponsor must show clearly that a new technology investment will add value to re-engineered business processes that are designed to improve the Bureau's mission performance.

Any formal investment proposal submitted to the Executive Staff for potential approval, must include:

- The project's total life-cycle cost from acquisition, maintenance, technology refreshment, and disposal.
- A proposal for modular development, if it is technologically feasible, to reduce risk and get early benefit from the initiative.
- A concept of design and operation.
- Identification of products that are commercially available that meet the proposed investment's objectives.
- A proposal for a pilot study of the investment (of each module if possible) before it is put into production in order to receive user feedback concerning ease of use and requirements refinement.
- Definitions of performance measures to ensure meaningful evaluations can be conducted.
- A statement describing the system architecture and security requirements compliance.
- A statement describing the results of a "Privacy Act" impact assessment.

9. **SPECIAL EXHIBITS.** If the proposal's cost is expected to exceed more than \$10 million annually or cost \$50 million over its life cycle, the IPT must complete an Exhibit 300 "Capital Asset Plan" as described in OMB Circular A-11 and the Department of Justice's Exhibit 300 Capital Asset Plan Preparation Guide (see Attachment A). The Bureau's Chief Information Officer (CIO) must sign the Exhibit 300 after completion.

This exhibit will become part of the Bureau's budget submission to the Department of Justice and the Office of Management and Budget.

If the Executive Staff approves the proposal, the ITIPM will assist the sponsor of the investment and the IPT to proceed to the Control Phase of the investment process. If the Executive Staff disapproves the proposal, the requesting program area will be formally notified.

10. **CONTROL PHASE.** In the **Control** phase, the sponsoring program area, in conjunction with the ITIPM and the IPT's assistance, plans for, acquires, and deploys approved IT investments in accordance with performance-based and modular contracting incentives. The first step in the **CONTROL PHASE** is for the project manager to develop a **Project Plan**. Both the project sponsor and the Bureau's CIO must approve this plan. The next steps of this phase are as follows:

- Initial Concept Phase presumptions are reviewed prior to procuring the investment. Prudent contracting and risk mitigation are used during contract solicitation and award to limit costs.
- When commercial or non-developmental items are unavailable, the IPT will pursue limited development work using either a prototype or pilot project. Although limited development still poses more risk to successful contract completion than a project needing no development, it does not endanger the success as much as full-scale development all at one time.
- Normally, full-scale development should be considered only when it promises exceptionally high returns for achieving strategic goals if it is successful. Full-scale development **will not** be used if it will cause the Bureau to reduce service or increase costs if it is not successful.

Progress toward completing each project will be reported to the Executive Staff twice each year. Progress reports will be submitted to the Program Review Division for inclusion in the Executive Staff notebooks for semi-annual reviews.

The Bureau's Executive Staff will review and approve all projects (those under development and those that are operational) in the Bureau's Information Technology portfolio annually as a re-validation of appropriate and relevant IT investments.

11. **EVALUATION PHASE.** In the **Evaluation** phase, the system's current condition and performance are evaluated during a management-in-use phase involving:

- operational analysis,
- an independent Post-Implementation-Review (PIR), and
- user surveys and other pertinent measures that were defined in the **Select Phase**.

These evaluations are submitted to the sponsor for review and approval prior to being submitted to the Executive Staff for consideration.

- The intent of these evaluations is to determine the system's current condition and suggest changes, funding recommendations, or lessons learned for the IT investment process.
- The evaluations may also indicate that the system will not meet initial expectations and its disposal should be considered. Planning is required for the system's disposal. Strategic plans will be consulted to determine whether or how to replace the system.

If the CIO recommends, and the Executive Staff approves, the system's disposal, a plan for disposal must be drafted that considers the characteristics of the assets and whether migration to new technology is required.

- The ITIM Evaluation Phase concludes the IT development effort by comparing the actual results against estimates made during the **Select** phase to assess performance and identify areas where future decision-making can be improved.

The Evaluation Phase applies to both newly approved systems and established systems that are currently in operation.

/s/

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